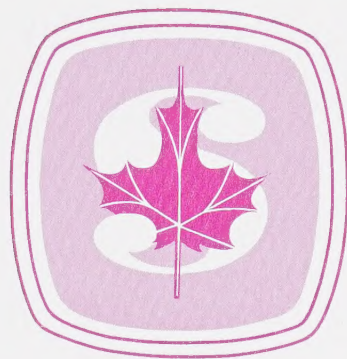


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STANDARD TRUST COMPANY

Annual Report 1968



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STANDARD TRUST COMPANY

A FEDERALLY CHARTERED COMPANY

OFFICERS

Chairman of the Board

The Hon. George A. Drew, P.C., C.C., C.D., Q.C., LL.D.

President

The Hon. Daniel A. Lang, Q.C.

Vice-President

Bertram E. Willoughby

Secretary

The Hon. Harry A. Willis, Q.C.

Treasurer

Gordon R. Ball

Managers

J. Wood — Toronto

J. Purtelle — Picton

DIRECTORS

Marie Wilson, Q.C.

C.J.S. Apps, M.P.P.

The Hon. Louis P. Beaubien

The Hon. George A. Drew

P.C., C.C., C.D., Q.C., LL.D.

Donald H. Koyl

The Hon. Daniel A. Lang, Q.C.

The Hon. Harry A. Willis, Q.C.

James W. McCutcheon

J. Barry O'Brien

George Rodanz

Edward S. Rogers

The Hon. W. Earl Rowe, P.C.,

LL.D., D.Sc.Soc.

Johnstone A. Weber

Bertram E. Willoughby

Paid up capital - - \$1,000,000

Paid in surplus - - \$ 100,000

Head Office

214 Bay Street
Toronto 1, Ontario
Telephone 363-5477



PRESIDENT'S REPORT

To the Shareholders:

During 1968 your Company started its first year of expanding operations. Conversion of the Armouries building in Picton, Ontario, to house the Picton branch and a shopping mall was completed. The shopping mall has been rented to various commercial enterprises, the branch officially opened and in operation. Near the end of the year decision was taken to establish a new head office and branch in street level premises at the corner of Bay and Wellington Streets in the downtown financial district of Toronto. Renovation of these premises is now complete. Both the Toronto Branch and the new head office were officially opened February 25th, 1969.

The accompanying Statement of Earnings reflects both the ongoing and non-recurring costs incurred in connection with the opening of the Picton branch and the shopping mall. The latter are now fully absorbed. As anticipated, these costs have resulted in a net loss which amounted to \$27,868.00 for the year. It must be expected that similar costs in connection with the establishment of the Toronto branch and new head office will be reflected in the earnings for 1969.

During 1968 the Company's Guaranteed Trust Account increased by approximately one-third and Estates Trusts and Agencies approximately doubled. Notwithstanding the expansion and new operational costs for the year, the accompanying Statement of Source and Application of Funds shows a \$15,574.00 excess of funds provided over those used.

During the coming year your Company will look forward to expanding business in the new Toronto and Picton branches and will be seeking to attract capital from abroad.

Toronto, Canada
February 28th, 1969

DANIEL A. LANG
President



STANDARD TRUST COMPANY

STATEMENT OF EARNINGS Year ended December 31, 1968 with comparative figures for 1967

	1968	1967
Revenue:		
Income from bonds, stocks and short-term notes	\$ 77,464	80,126
Interest on mortgages	9,681	6,056
Other	3,821	1,104
	<u>90,966</u>	<u>87,286</u>
Expenses:		
Interest on trust deposits and guaranteed investment certificates	19,664	18,100
Staff salaries and benefits	28,532	7,119
Professional fees	12,775	5,106
Rent	6,273	2,846
Advertising	8,212	668
Printing and stationery	6,517	1,790
Insurance, taxes and registration fees	6,034	2,870
Branch opening expense	3,768	—
Other operating expenses	19,490	7,276
Depreciation	5,493	2,148
Incorporation expenses written off	8,440	8,441
Transfer to reserve for mortgages (note 2)	636	620
	<u>125,834</u>	<u>56,984</u>
Net earnings (loss) before taxes on income	(34,868)	30,302
Recovery of prior year's taxes on income	7,000	—
Taxes on income	—	9,500
Net earnings (loss) for the year transferred to undivided profits	<u>\$ (27,868)</u>	<u>20,802</u>

STATEMENT OF UNDIVIDED PROFITS Year ended December 31, 1968 with comparative figures for 1967

	1968	1967
Balance at beginning of year	\$ 21,052	4,654
Net earnings (loss) for the year	(27,868)	20,802
Net gain on realization of investments	18,357	33,096
	<u>11,541</u>	<u>58,552</u>
Deduct transfer to investment reserve (not permitted as a deduction in determining taxable income) (note 1)	<u>7,900</u>	<u>37,500</u>
Balance at end of year	<u>\$ 3,641</u>	<u>21,052</u>

See accompanying notes to financial statements.



STANDARD TRUST COMPANY

BALANCE SHEET December 31, 1968

with comparative figures for 1967

Assets

CAPITAL ACCOUNT

		1968	1967
Cash		\$ 30,280	28,308
Securities, including accrued interest, less reserve indicated (note 1):			
Government of Canada and Provincial bonds	\$ 200,421		
Corporate bonds (after deducting investment reserve of \$38,200 in 1968; \$34,375 in 1967)	651,050		
Stocks	<u>67,352</u>	918,823	961,288
Mortgages, less reserve of \$520 in 1967 (note 2)		—	103,404
Other assets		18,525	491
Land, building and equipment:			
Land	4,075		
Building and equipment less amounts written off (note 3)	<u>134,069</u>	138,144	34,854
Incorporation expenses, less amounts written off		—	8,440
		<u>\$ 1,105,772</u>	<u>1,136,785</u>

GUARANTEED TRUST ACCOUNT

Cash		\$ 26,426	5,659
Securities, including accrued interest, less reserve indicated (note 1):			
Government of Canada bonds	\$ 25,000		
Corporate bonds (after deducting investment reserve of \$7,200 in 1968; \$3,125 in 1967)	70,917		
Short-term notes	<u>194,542</u>	290,459	307,231
Mortgages, less reserve of \$1,256 in 1968; (\$100 in 1967) (note 2)		<u>126,611</u>	<u>19,815</u>
		<u>\$ 443,496</u>	<u>332,705</u>

ESTATES TRUSTS AND AGENCIES

Total assets under administration		<u>\$ 326,442</u>	<u>148,282</u>
		<u>\$ 1,875,710</u>	<u>1,617,772</u>

Accrued expenses
Income taxes payable

Shareholders' equity:

Capital stock:

Authorized 500,000 shares of \$10 each

Issued and fully paid 100,000

Contributed surplus - premium on shares

Undivided profits

Commitments (note 4)

Guaranteed trust accounts, including

Trust deposits

Guaranteed investment certificates

Liability to estates, trusts and agencies

See accompanying notes to financial statements.

We certify that, to the best of our knowledge and belief, the above statement is correct and shows truly and clearly the financial condition of the company as at the end of the period.

G.R. Ball

Treasurer

D.A. Lang

Director

B.E. Willoughby

Director

Liabilities

	1968	1967
	\$ 2,131	7,010
	—	8,723
	<u>2,131</u>	<u>15,733</u>
ar value		
\$ <u>5,000,000</u>		
es	1,000,000	1,000,000
ue of		
	100,000	100,000
	3,641	21,052
	<u>1,103,641</u>	<u>1,121,052</u>
	<u>\$ 1,105,772</u>	<u>1,136,785</u>
crued interest:		
	\$ 68,345	8,454
	375,151	324,251
	<u>\$ 443,496</u>	<u>332,705</u>
	<u>\$ 326,442</u>	<u>148,282</u>
	<u>\$ 1,875,710</u>	<u>1,617,772</u>

of the company's affairs.

AUDITORS' REPORT

To the Shareholders,
Standard Trust Company.

We have examined the balance sheet of the Standard Trust Company as at December 31, 1968, and the statements of earnings, undivided profits and source and application of Capital Account funds for the year ended on that date and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

The assets held for Guaranteed Trust Account and for Estates, Trusts and Agencies are kept separate from the company's own assets and are so recorded on the books of the company as to show the accounts to which they belong.

In our opinion, the above financial statements are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the company as at December 31, 1968 and the results of its operations and the source and application of its Capital Account funds for the year ended on that date, according to the best of our information and the explanations given to us and as shown by the books of the company.

PEAT, MARWICK, MITCHELL & CO.

Chartered Accountants

Toronto, Ontario
February 5, 1969



STANDARD TRUST COMPANY

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

Year ended December 31, 1968
with comparative figures for 1967

CAPITAL ACCOUNT

1968

1967

Funds provided (used):

Operations:

Net profit (loss) for the year

\$ (27,868)

20,802

Add charges not requiring cash outlay:

Incorporation expenses written off

8,440

8,441

Depreciation

5,493

2,148

Transfer to reserve for mortgages (capital account portion)

—

520

Total funds provided from (used in) operations

(13,935)

31,911

Net gain on realization of investments

18,357

33,096

Reduced (increased) investment in:

Securities, other than mortgages

38,640

72,514

Mortgages

103,404

(103,924)

Land, building and equipment

(108,783)

(31,609)

Investment reserve - guaranteed trust account

(4,075)

(3,125)

Incorporation expenses

—

(1,400)

Other

(18,034)

487

Excess (deficiency) of funds provided over funds used

\$ 15,574

(2,050)

Represented by:

1968

1967

Cash

\$ 30,280

28,308

Less:

Accrued expenses

2,131

7,010

Income taxes payable

—

8,723

2,131

15,733

\$ 28,149

12,575

Increase (decrease) during the year

\$ 15,574

(2,050)

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS December 31, 1968

1. Government of Canada and Provincial bonds are stated at not in excess of amortized cost. Other securities, after applying the investment reserve, are stated in the aggregate at not in excess of quoted market values. Such investment reserve, aggregating \$45,400 in 1968 and \$37,500 in 1967, has been applied as follows:

	1968	1967
Capital Account	\$ 38,200	34,375
Guaranteed Trust Account	<u>7,200</u>	<u>3,125</u>
	<u>\$ 45,400</u>	<u>37,500</u>

2. The amount of \$636 (1967 – \$620) transferred to reserve for mortgages is the maximum allowable under the Income Tax Act (Canada).

3. Building and equipment include the following:

	Cost	Depreciation accumulated to December 31, 1968
Building	\$ 118,541	2,964
Equipment	23,184	4,894
Leasehold improvements to new premises	<u>202</u>	<u>—</u>
	<u>\$ 141,927</u>	<u>7,858</u>

Depreciation has been calculated using the following rates, on a reducing asset balance basis:

Building 5%
Equipment 20%

One-half year's depreciation has been recorded, in 1968, on the building and equipment located at Picton, Ontario, as operations did not commence there until mid – 1968.

4. During the year ended December 31, 1968 the company entered into certain contracts which committed the company to:

1. Rental payments over the next ten years aggregating approximately \$253,000 of which approximately \$24,000 will be payable in 1969;
2. Expenditures on leasehold improvements and equipment, in 1969, aggregating approximately \$110,000.

